

## Message Text

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PAGE 01 PRETOR 00998 280907 Z

10

ACTION EB-11

INFO OCT-01 AF-10 ADP-00 AID-20 NSC-10 RSC-01 CIEP-02

SAL-01 SS-14 STR-08 OMB-01 CEA-02 CIAE-00 COME-00

FRB-02 INR-09 NSAE-00 TRSE-00 XMB-07 OPIC-12 LAB-06

SIL-01 L-03 PA-03 PRS-01 USIA-12 RSR-01 /138 W

----- 040391

R 280959 Z MAR 73

FM AMEMBASSY PRETORIA

TO SECSTATE WASHDC 7840

INFO AMCONSUL CAPE TOWN

AMCONSUL DURBAN

AMCONSUL JOHANNESBURG

UNCLAS PRETORIA 0998

E. O. 11652 : N/ A

TAGS : EFIN, SF

SUBJECT: RESERVE BANK REDUCES BANK RATES

CAPE TOWN ALSO FOR EMBASSY

1. IN WHAT GENERALLY REGARDED AS PRECURSOR TO REFLATIONARY BUDGET TO BE UNVEILED BY FINMIN DIEDERICH'S THIS AFTERNOON, GOVERNOR OF RESERVE BANK HAS ANNOUNCED REDUCTION IN BANK RATE FROM 6.0 PERCENT TO 5.5 PER CENT; LONG TERM GOVT. STOCK RATE FROM 8.125 PER CENT TO 7.75 PER CENT; AND SHORT TERM GOVT. STOCK RATE FROM 5.5 PER CENT TO 5 PER CENT.

2. INTEREST RATES IN PRIVATE MONEY AND CAPITAL MARKETS HAVE RECENTLY BEEN MOVING UP. FOR EXAMPLE. RELATIVELY POOR RESPONSE TO RECENT ISSUES BY ESCOM AND ISCOR GENERALLY ATTRIBUTED TO ANTICIPATION OF HIGHER LONG TERM RATES. EXPECTATION IN WAKE OF RESERVE BANK MOVE IS THAT FURTHER STEPS WILL BE TAKEN TO INCREASE THE MONEY SUPPLY TO ENABLE EXPANSION TO GET UNDER WAY. STANDARD BANK SPOKESMAN QUOTED IN PRESS SAYING ANY REDUCTION IN BANK LENDING WOULD DEPEND ON WHETHER RESERVE BANK ALSO RELAXES

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PAGE 02 PRETOR 00998 280907 Z

PRESENT HIGH RESERVE REQUIREMENTS FOR COMMERCIAL BANKS.  
HURD

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\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* UNCLASSIFIED

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 28 MAR 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Document Number:** 1973PRETOR00998  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** n/a  
**Errors:** n/a  
**Film Number:** n/a  
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**Handling Restrictions:** n/a  
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**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
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**Review Authority:** martinjw  
**Review Comment:** n/a  
**Review Content Flags:**  
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**Secure:** OPEN  
**Status:** <DBA CORRECTED> jms 980113  
**Subject:** RESERVE BANK REDUCES BANK RATES CAPE TOWN ALSO FOR EMBASSY  
**TAGS:** EFIN, SF  
**To:** CAPE TOWN  
DURBAN  
EB  
JOHANNESBURG  
SECSTATE WASHDC  
**Type:** TE  
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